

**GOVERNMENT THAT WORKS!**  
**NEW JERSEY DEPARTMENT OF THE TREASURY**  
**LOCAL GOVERNMENT BUDGET REVIEW**  
**TOWNSHIP OF LAKEWOOD BOARD OF EDUCATION**

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**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID, AND LOCAL  
TAX RATE WITH RECOMMENDED REDUCTIONS IN THE  
LAKEWOOD TOWNSHIP BOARD OF EDUCATION**

<b>A.</b>	<b>Management Information Systems</b>		<b>\$115,000</b>
	Change vendor	\$ 80,000	
	Reduction in data input duplication	\$ 35,000	
<b>B.</b>	<b>Health Benefits/Compensation</b>		<b>\$158,000</b>
	Premium copay	\$158,000	
<b>C.</b>	<b>Community School</b>		<b>\$140,210</b>
	Increase fees	\$133,210	
	Staff reduction	\$ 7,000	
<b>D.</b>	<b>Workers' Compensation</b>		<b>\$ 6,000</b>
	Salary supplement	\$ 6,000	
<b>E.</b>	<b>Courtesy Busing</b>		<b>\$342,403</b>
	Reduce courtesy busing (20%)	\$342,403	
<b>F.</b>	<b>Financial</b>		<b>\$25,395</b>
	Investment income	\$ 25,395	
	<b>TOTAL</b>		<b>\$787,008</b>
<b>Total Amount to be Raised for School Tax</b>			<b>\$21,197,115</b>
<b>Savings as a % of School Tax</b>			<b>3.71%</b>
<b>Total Budget (FY94)</b>			<b>\$48,640,345</b>
<b>Savings as a % of Budget</b>			<b>1.62%</b>
<b>Total State Aid (FY94)</b>			<b>\$21,056,819</b>
<b>Savings as a % of State Aid</b>			<b>3.74%</b>

**LOCAL GOVERNMENT BUDGET REVIEW  
EXECUTIVE SUMMARY  
LAKEWOOD TOWNSHIP BOARD OF EDUCATION**

**A. Management Information Systems**

The Lakewood School District should replace the current agreement for computer equipment and software with a contract with Asbury Park Public Schools Computer Center as soon as possible. The result would be a savings of at least \$80,000 in software and hardware costs and approximately \$35,000 in staff costs. At the same time they will benefit from a significant improvement in the quality of the system and the stability and responsiveness of Asbury Park School District as a vendor.

**B. Health Benefits/Compensation**

The Lakewood School District should require a premium copay from employees for health benefits. This action would enhance revenues by approximately \$158,000.

**C. Community School**

It is recommended that the Lakewood School District review the Community School fee policy and change it to cover a specific percentage of all program costs. This action could result in increased revenues of \$133,210 if the policy is to cover 50% of all costs. Possible staff reduction would also yield a reduction of \$7,000.

**D. Workers' Compensation**

The Lakewood School District should discontinue the School District's policy of supplementing workers' compensation payments. The result would be a cost savings of approximately \$6,000.

**E. Courtesy Busing**

In the 1993-94 school year, Lakewood Schools spent \$1,406,418 on courtesy busing of public and nonpublic students. In the 1994-95 school year the Lakewood School District will spend approximately \$1,712,017 on courtesy busing of public and nonpublic students. The Lakewood School District should review this policy. A conservative 20% reduction in courtesy busing would save the School District \$342,403.

**F. Financial**

A more aggressive approach to investing school district monies would result in an estimated \$25,395 increase in interest income. The Lakewood School District should maximize the amount of surplus appropriated in the School District budget.



## **GOVERNMENT THAT WORKS**

### **OPPORTUNITIES FOR CHANGE**

#### ***The Report of the Township of Lakewood Board of Education Budget Review Team***

New Jerseyans deserve the best government that their tax dollars can buy. Governor Christie Whitman is committed to making State government leaner, smarter, and more responsive, by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board.

Government on all levels must stop thinking that more money is the solution to their problems, and start examining how they spend the money they have now. The State's taxpayers cannot afford to keep sending money to their government. It is time for government to do something different.

There is no doubt that local government costs -- and the property taxes that pay for them-- have been rising steadily over the last decade. Until now, the State has never worked with towns to examine what is behind those rising costs. That is why the Local Government Budget Review Program was created by Governor Whitman and State Treasurer Brian W. Clymer. Its mission is simple: to help local governments find savings, without compromising the delivery of services to the public.

The Local Government Budget Review Program fulfills a promise Governor Whitman made in her first budget address, when she offered the State's help to local governments looking to cut costs. This innovative approach combines the expertise of professionals from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a management review and consulting service provided to them at no cost by the state.

To find those "cost drivers" in local government, the teams will review all aspects of the local government operation, looking for ways to improve efficiency and reduce costs. The teams will also document those State regulations or legislative mandates which place an unnecessary burden on local governments, and suggest which ones should be modified or eliminated. Finally, the teams will note where local governments are utilizing "Best Practices" -- innovative ideas that deserve recognition and that other municipalities may want to emulate.

This intensive review and dialogue between local officials and the review team is designed to produce significant insight into what factors are driving the costs of local governments, and provide the necessary tools to bring meaningful property tax relief to the State.

## **LAKEWOOD TOWNSHIP BOARD OF EDUCATION COMMUNITY SUMMARY**

Lakewood Township occupies a 25 square mile area in central New Jersey, 15 miles west of the Jersey shore. It is near the Garden State Parkway and other major transportation arteries. With a population of 45,048, it is the most urbanized area and the only urban aid community in Ocean County.

Lakewood is an industrial/employment center for Ocean County. With the recent designation of over 27% of the township's area as a Urban Enterprise Zone, its economic base is expected to continue to grow.

Lakewood School District is a K-12 district serving a relatively stable student population of 5,105. The district operates a central High School, a central Middle School and four K-6 Elementary Schools. Lakewood is somewhat unique in that it has 24 private schools within its boundaries and more than 40% of the Township's school-aged population attends private school. 45% of the students are eligible for free or reduced lunch, 11% receive special education services and 3% require bilingual/ESL support. The school district also has a high transient rate which was 20% in the 1993-1994 school year. All of these factors combine to require an emphasis on providing extensive pupil support services.

## **BEST PRACTICES**

The Lakewood School District has taken aggressive actions to save money in a number of key cost areas, and is to be commended for having done so.

### **1. Competitive Contracts**

Lakewood School District has implemented competitive contracting for transportation, food service, custodial/maintenance and security services. These contracts have saved the district an estimated \$12 million since 1992.

### **2. Health Benefit Cost Control**

Lakewood School District has controlled health benefit and leave costs through utilization of a form of self-insurance, coverage restrictions, the bidding of coverage every few years, and reduction in accumulated leave payout liability.

### **3. Risk Management**

Employment of a Safety Compliance Officer to administer a comprehensive safety program and enhance liability protection for the district serves to limit the school district's loss experience and the resultant increase in insurance costs.

### **4. Special Education Services**

The Lakewood School District has made the decision to return special education students to the district to the greatest extent possible. This decision is expected to save an estimated \$753,618 from the 1991-92 school year through the 1995-96 school year.

### **5. Administrative Reorganization**

Reorganization of administrative functions has resulted in the reduction of 14 positions since the 1992-93 school year. The impact on staff was minimized because the deleted positions were vacated through attrition and/or reassignment. A notable operational result of the reorganization was an improvement in the articulation of the K-12 curriculum with the expansion of the curriculum subject area directors' responsibilities to include elementary as well as High School grades.

### **6. Alternative Education**

Lakewood School District has established an alternate education program designed to offer continued schooling to disaffected high school students who might not otherwise graduate. The program is particularly commendable for its considerable use of volunteers and donations in support of the construction of the new building.

## **FINDINGS AND RECOMMENDATIONS**

### **INTRODUCTION**

The Lakewood School District has consistently taken many steps to tighten its budget and get the most out of the tax dollars that support education in Lakewood. Extensive efforts are continually made to meet student needs and promote parental involvement. The Lakewood School District should serve as a "How To" model for school districts.

Areas in need of improvement are mainly due to budget restrictions and include facilities and maintenance of facilities to prevent major repair needs; development of a cohesive and adaptable plan for upgrading automated systems for School District business functions, student data, and instructional purposes; having the financial capability to support affective needs of the students along with the academic needs.

The innovative steps that the School District has taken to curb rising costs have predominantly been in the areas of health benefits, privatization and special education. The district has also been innovative in the provision of a large variety of social programs designed to meet the basic needs of the students.

### **MANAGEMENT INFORMATION SYSTEMS/ACCOUNTING**

#### **Background**

There is a district-wide minicomputer-based MIS system that runs both student data and business office applications. The hardware company, Prime, is out of business and the software company, Infocel, was bought out by a larger software company, EDS. To date, these events have not seriously impacted the operations of the systems; however, the software is no longer being updated and the software re-licensing and hardware maintenance agreements for the minicomputer must be renewed annually and may only be renewable for another year or two. The equipment and software was lease purchased, with three remaining years of payments, through the 96-97 school year, of \$123,516 per year.

The District MIS department is managed by one individual who has site responsibility for the four elementary schools. Additionally, an assistant principal in the High School and a teacher in the Middle School with a reduced class load, support the system at those sites. The Department is responsible for 75 dumb terminals, 75 PCs and the communications systems that connect the seven sites. The individuals at the High School and Middle School can and do provide backup to the manager in the event of his absence.

### **Student Data Applications**

The fact that the software is no longer being updated means that any technological or informational refinements required by changes in the environment must be developed by the district MIS staff themselves. The MIS manager feels that he and the two MIS people at the High School and Middle School have the requisite knowledge along with the source codes for modifying the student data software and are adept at making any adjustments needed to accommodate changes. The MIS manager does, however, acknowledge the need to upgrade the student data software in the near future. The student information from the earlier DEC system for the High School and Middle School continues to be maintained on a separate minicomputer housed at the High School in order to comply with the state requirement to maintain student data records for seven years. By the end of the 1995-96 school year, the new system will have stored the required seven years of data and will be the only system in place. The DEC system will be disposed of at that time.

### **Business Office Applications**

The Business Office applications were developed by Infocel as part of its Financial Management System. The system includes modules for:

- General Ledger
- Accounts Payable
- Miscellaneous revenue
- Requisitions and Quotes
- Financial Reports

### **Payroll/Personnel**

Payroll/personnel information is processed by the Asbury Park School District for a fee of \$22,156. Payroll/Personnel data is entered into the Asbury Park system by two school district staff members and the payroll encumbrances and liquidation's are entered on to the district financial management system by a third staff member. The district does not currently take advantage of the services offered by Asbury Park for anything other than payroll/personnel information processing.

There were two comments referencing inadequacies in the current Business Applications system in the 1994 Auditor's Management report: an open encumbrance report was not available and a procedure for posting entries on a particular date was not established. Both issues have been corrected with procedural changes for the 1994-1995 year.

### **Transportation**

The district currently uses a PC and specialized software from Software Advantage to develop routes and other transportation related reports and information. Staff is satisfied with the system and it appears to provide all requisite information.



### **Pupil Personnel Services**

The District uses a stand alone system that is consistent through Child Study Team offices, however, they are not networked and data is not shared electronically between schools. This would be useful as a student moves from one school to another in order to keep one record for each student through the entire educational process. It would also be helpful to network these individual units with a PC in the office of the Pupil Personnel Services Director to allow immediate access to and monitoring of those records.

### **Technology in Schools**

Equipping schools to provide access to the current computer technology for instructional purposes is a significant and critical goal. Development of a useful, flexible and responsive system is key to approaching and staying at the forefront of technological applications and preparing children for the future.

### **Maintenance Costs**

The software relicensing cost is \$22,000 annually and the maintenance cost on the hardware is \$20,000 annually.

**Recommendation:** The annual costs of the current automated student data and financial management system total more than \$180,000 annually. This figure does not include staff time or benefits. It is strongly recommended that the school district attorney review the contract originally executed with Primetec Leasing, Inc. for possible termination of the lease. This would allow for improved operations and coordination of a single system to handle all automated management functions. In preparation, the School District should begin to plan for an upgraded student data, instructional and business information system to be implemented once the current system lease is paid off or terminated. Priority should be given to implementing new Business Office applications which should include the payroll, personnel and purchasing functions to mitigate the duplication of staff effort that currently exists in both payroll and purchasing. The specifications for a new system should include provisions for conversion of current data. Preliminary investigation shows that conversion can be accomplished for approximately \$5,000 or four staff days if completed in-house using vendor-provided documentation.

It is strongly recommended that the district consider contracting with the Asbury Park Public Schools Computer Center, or other similar service provider, for the full range of financial and student data services. The Asbury Park package includes all student services including transportation and pupil services. Asbury Park offers two readily apparent advantages in areas that have been particularly troublesome for the Lakewood School District. The advantages include stability and responsiveness to district needs. Conversion and software upgrade can be accomplished at no cost from Asbury Park. A very preliminary review indicates that costs involved would include:

- Annual per port charge of between \$375 and \$750

Est. 35 ports x avg. \$563 ea. = \$ 19,705

- Annual per student charge for student data module

Est. 5,105 students x \$4 ea. = \$ 20,420

- Annual charge for financial module including payroll/personnel = \$ 37,000

**Total Annual Cost Estimate = \$ 77,125**

- One time cost to purchase modems where needed at remote sites (\$200 each)

Est. 12 modems x \$200 ea. = \$ 2,400

If the district were to budget an additional amount of \$22,875, it could be used for routine hardware purchase and upgrade. The savings would be at least \$80,000 (not including savings due to possible staff reductions) over what the district now spends on systems that are uncoordinated and unsupported in terms of technological upgrades. Asbury Park's computer services are comprehensive, easily accessed and economically feasible.

Should the district decide not to utilize additional Asbury Park services, consideration should be given to:

- Investigating the feasibility/practicality of accessing the business office systems just implemented by the Lakewood Township municipal government.
- Including transportation and pupil personnel services information modules if their inclusion provides a substantive improvement in the use of the data and/or reduces duplication of data entry as it would in the case of the Asbury Park package.

**Cost Reduction: Up to \$35,000 in staff salaries and benefits.**  
**At least \$80,000 in reduced annual software/hardware costs**

## **Security**

The system is secure to the menu level. In addition, there are segments of the system which the MIS Manager has removed from access by most users. Back up of the system is performed on a daily basis and the tape is removed to the MIS Manager's place of residence. During the previous school year there were a high number of PC repair problems that triggered investment in and use of virus checking software that identified and remedied many virus problems. Since that time, virus checkers are routinely used and the repair volume has decreased.

**Recommendation:** Identify a more neutral and secure place for storage of the backup tape. Perhaps an agreement with the township could be reached for the storage of these tapes in the old library building. Consideration could be given to a weekly backup process.

## **ATHLETICS**

### **Background**

Two recurring themes evident from the review were:

- The need to balance an emphasis on academics with non-academic pursuits and considerations in order to maintain or create interest or develop appropriate behaviors in a student population which is frequently confronted with an environment not supportive of academic pursuits.
- The need to maintain facilities in an ongoing, regular manner that will prevent either closing of facilities or additional facility repair costs.

Consistent with both themes would be the maintenance of athletic facilities that are safe, attractive and appropriately located. Many of the athletic facilities used by Lakewood High School are in need of repair, updating and improvement. Examples of current athletic facility needs are:

- Repair or replacement of the outdoor track that is dilapidated and unfit for use
- Upgrade of locker rooms
- Development of a Girls' Field Hockey Field that is located near locker room facilities
- Repair of the Soccer Field sprinkler system and improvement of field condition
- Establishment of storage facilities

During the fall of the 1994-1995 school year, the tennis courts were also in a dilapidated condition and were, therefore, unusable. To assure continuance of the program, Woodlake Country Club donated tennis courts for practice and meets were held at Pine Park. The transportation cost was \$2,100.

The projected cost of transporting three track teams this spring (boys' and girls' High School and the Coed Middle School teams) is \$27,000. The additional cost for transporting equipment, if required, is \$2,500. There may be an additional cost for the use of an alternate facility.

The Athletic Director is actively pursuing corporate support of the District's athletic activities. This effort has been successful so far in obtaining a donation of tennis courts for practice while the school's tennis courts were being replaced, a donation of a personal computer for use in the athletic office and participation by private sector organizations in fundraising efforts.

Some of the specific fundraising activities the Athletic Director is pursuing are: hosting a wrestling tournament which is set for December 1995; seeking Corporate sponsorship for game balls for baseball; and a golf tournament, which is set for July 10, 1995.

A review of ticket prices for basketball and football, as well as evaluation of other sports for the appropriateness of admission charges, could also be effective in enhancing revenues.

**Recommendation:** It is recommended that the District establish a policy to fund a routine, preventive equipment and facility maintenance and repair program in an effort to head off greater replacement costs in the future. It is also recommended that each alternative for enhancing revenues be reviewed and that revenues realized be dedicated to supporting athletic programs. Further, it is recommended that the school district and the township discuss opportunities to work together on constructing and subsequently

scheduling athletic facilities that would be available not only to students, but to the general public as well.

## **HEALTH BENEFITS/COMPENSATION**

### **Cost Containment**

The Lakewood School District is to be commended for balancing concerns for the cost of benefits provided, while at the same time compensating its employees in an equitable manner. The specific improvements they have made are:

- Reducing the total rate of salary increases to 5% (including step increments).
- Reducing duplication of Health Insurance Coverage: In the instance of spouses working for the district, family coverage is provided for one employee and the deductibles and copay amounts for both are reimbursed at cost. The net savings was more than \$40,000 for the 1993-1994 school year.
- Inclusion of 100% coverage of well-baby check-ups and biennial physicals as a means of preventing future health care problems and costs.
- Provision of family coverage to employees only after they have become tenured (after three years). This is an extremely valuable benefit and requiring a particular length of service is an equitable means of mitigating the costs. In 1993-1994, the difference in cost of family over single coverage is almost \$2,000 per year. The board collected \$1,546.55 in payments for family coverage in the fiscal year 1993-94.
- The bidding of major medical coverage every few years. This led to a decrease in the terminal liability payout (the payment due the current vendor should the school district choose another vendor) of \$300,000 (25%) the last time it was bid.
- Effective January 1, 1995, the reduction of the accumulated leave payout on retirement from 50% to 30% of total accumulated sick days and the averaging of the three years' salaries prior to retirement for such payout. The liability of the school for compensated absences payable was more than \$2.5 million at the end of FY 1993-94. The percentage reduction and the averaging of salaries together, if applied to all payables, represents a potential reduction of liabilities of as much as \$500,000.

**Recommendation:** We recommend that the school district pursue a premium copay from employees to help finance the cost of health benefits. The baseline premiums for health benefits are currently \$1,127 for single coverage and \$3,073 for family coverage. Total health benefit coverage payments (including baseline premiums and self-funded premiums) average more than \$5,000 per covered employee per year. Ten percent of the predictable premium cost would amount to a payroll deduction of between \$4 and \$12 per pay per employee and would bring in approximately \$158,000 to the district for mitigation of health benefit costs.

**Revenue Enhancement: \$158,000.**

## **ATTENDANCE AND DISCIPLINE**

### **Background**

A review of the 1992-93 New Jersey Schools Report Card indicated a relatively high level of violence and vandalism and a failure to meet minimum criteria for attendance in the Middle School. Since that time, however, the Middle School has made great strides toward improvements in each area. The measures taken include exemplary behavior incentive programs, adherence to an explicit disciplinary policy, implementation of peer mediation, and the general improvement of the school atmosphere. In this last instance, the Middle School Principal noted that installing new lockers, ceiling tiles and lights have improved the atmosphere, which he believes has also led to the decrease in the amount of vandalism. It is expected that the Middle School will meet the goal of averaging 90% attendance over a three year period at the end of the 1994-95 school year. Violent incidents in the Middle School have decreased by almost 45% since the 1992-93 school year.

However, both the Ella G. Clarke Elementary School and the High School have experienced considerable increases in violent incidents since the 1992-93 school year, while incidents of vandalism have increased slightly in the Clarke and Oak Elementary Schools.

Attendance at schools in the district other than the Middle School ranges from 91.3% to 93.7% for the 1993-94 school year. It should be noted that the absentee calculation is considerably affected by the bilingual population who is often absent for four to six weeks at a time.

**Recommendation:** It is recommended that there be a district-wide review of the practices and policies in place to mitigate attendance, violence and vandalism problems. Focus should be placed on consistent district-wide efforts to improve utilizing peer mediation and enforcing strict disciplinary and attendance policies on a district-wide basis. It is also suggested that disciplinary policies be posted for every student to read in the classroom and in the hallways, and that they be constantly referred to by the staff, teachers and administration. The use of video surveillance in appropriate areas could also be explored.

## **TRANSIENCE**

### **Background**

The Lakewood School District is greatly affected by a relatively high 20% transient rate among its student population. Test scores for those students who do not receive the benefit of an education for a full school year in Lakewood are still counted in the overall test scores for the district. While this is a consistent practice state-wide, Lakewood is particularly affected since the transient population comprises approximately one fifth of the total student population.

**Recommendation:** At least for its own in-house purposes, the Lakewood School District should separately track test scores of the transient population in order to more appropriately measure the progress of the students it educates for a full year. This would also give the district greater information on the effectiveness and success of its educational program. If for no other reason, this should be done to more adequately educate the public about the district's ability to educate its students.

## **PLANT OPERATIONS MANAGEMENT AND MAINTENANCE, CUSTODIAL AND GROUNDS SERVICES**

### **Contract**

The Helfgott Group studied the custodial, maintenance, and grounds situation in the Lakewood Township Public Schools in 1992 and found various operating deficiencies. They included, but were not limited to: lack of effective short and long range planning systems, no tracking of time/task on work assignments, poor cost controls, a lack of training and orientation, a 5 year maintenance plan that was not up-to-date, extensive absenteeism, an inadequate budgeting process, and no procedure for inventory control. The Board chose outsourcing from among several remedies/cost savings alternatives presented by Helfgott.

Marriott Management Services Corporation was awarded the contract for a package of facilities services. This is the third year of a four year contract (1992-1996) totalling \$8,053,450; and averaging \$2,013,362.50 per year.

### **Positive Contract Service Outcomes**

As a result of a thorough assessment, Marriott has developed a 5 year facility maintenance plan, as well as a landscape plan for the district. They developed corrective maintenance and work order systems which include inventory and project tracking, as well as efficient scheduling. A roof analysis has also been completed. A blueprint index and file will result from the contract, along with facilities engineering manuals, systems for maintaining chemical treatment and fuel/utility records, a manufacturers index, daily and periodic maintenance routine directives, and development of fire safety, vendor control, and contract manuals.

Marriott submits a monthly statistical report to the Board and its Buildings and Grounds Committee. It reports cost history for accountability and planning purposes, cites incidences of vandalism in particular schools, and presents statistics regarding plant operations and maintenance.

Marriott recommended major HVAC and lighting renovations. To this end, they introduced Honeywell to the district, which now has a 7 year (payout) contract with the district to accomplish the renovations which are scheduled to be completed this spring. The Honeywell contract guarantees that the energy savings over the 7 years will at least equal the contract's cost.

Additionally, Marriott advises the district on specifications needed for major plant/grounds repairs, and makes long term facility maintenance suggestions that will ultimately result in cost savings for the district (changing all water faucets to diminish water loss, for example).

### **Projected Savings From Privatizing**

In 1992, the Helfgott Group projected the four year savings through outsourcing of custodial/ maintenance/grounds to be \$4,470,481. However, a lesser estimated four year cost savings of \$3,759,074 can be calculated from projected outsourcing expenses prepared by the School Business Administrator. The difference between the two estimates is the result of a one year leave payout (severance pay for employees), remaining vehicle insurance and maintenance costs, and the continued employment of three in-house Operations Facilitators now employed in other positions.

## **FOOD SERVICES**

### **Contract Description**

Food Service has been privatized in Lakewood since the mid 1970's. Marriott Management Services, School Services Division is in the third year of its second 3 year contract with Lakewood Township school district. The contract is renewable annually. Marriott utilizes 45 employees distributed among the schools and a central kitchen located in Lakewood High School. The cost of operation for 1993-94 was \$1,172,983, of which \$76,762 was Marriott's management fee. This year the management fee is \$80,100, an increase of 4.3% from the previous year. Aside from this fee, all profit goes back to the district.

### **Service Description**

Marriott served 568,582 meals for the 1993-94 school year, approximately 45% breakfasts and 55% lunches. The cost per meal was \$.57. The current charge per meal of \$1.25/elementary students and \$1.40/secondary students has not changed for five years. Meal purchase participation is reportedly over 80% at the elementary schools and approximately 60% at the secondary schools. A la carte purchases raise the participation rate to near 100% at the high school.

An advisory food service committee composed of parents, students and administrators meets twice per year with Marriott representatives to approve menus, discuss food service ideas and make suggestions. Marriott sponsors 2 promotional food service days each month that are keyed to holidays, frequently with specially designed food items.

Much of what has already been described in terms of service and profits constitutes admirable and professional practice. Additionally, the food quality and variety are considered to be very good. The contractor has conferred with school officials to offer ideas on modernizing the kitchens with the profits. Also, school officials cite Marriott's flexibility in accepting sporadic payment intervals based on uneven state payments.

## **Revenue and Profits**

About 60% of revenue received for the estimated 2,800 daily meals served comes from state and federal reimbursement, mostly the latter. The remainder of the revenue is consumer cash payments. Lakewood has been state-designated eligible for governmental "severe need reimbursement," which occurs when more than 40% free and reduced breakfasts are served, and when more than 60% free and reduced lunches are served. The school board will get \$.02 for each of the estimated 440,000 free and reduced meals that will be served in 1994-95. Full pay school meals are government subsidized, with about \$.19 per breakfast and almost \$.24 per lunch.

When the food service was operated in-house, it consistently lost money. However, the district is guaranteed an annual minimum profit under the Marriott contract. In 1994-95 the minimum guaranteed profit is \$40,000. In the past 5 years, Marriott has generated a cumulative profit of over \$500,000 for the district. Under federal law, this profit must be spent within the food service operation. Thus far it has bought and repaired kitchen equipment and appliances in all the schools, paid for kindergarten snacks and breakfast for students taking achievement tests. A large scale renovation is planned for the middle school kitchen with the bulk of the funds.

## **TRANSPORTATION**

### **Contract Description**

The base contract for student transportation service was let to Murphy Bus Service of Red Bank, NJ for \$12.8 million, or \$3.2 million per year, from 1992-1996. This is a base bid for the routes that existed at the time of contract award and did not include new routes that have been developed or will still emerge over the course of the contract's duration. Additionally, the base bid price included 840 field trips per year @ \$140 per trip, totaling \$467,600. The bid's maximum cost allows the board to set aside funds; however, payment is made on a per diem basis for actual days transported per route.

Actual costs for the base contract were \$2.97 million in 1992-93, \$2.92 million in 1993-94 and \$2.63 million (projected) for 1994-95. Deactivated and canceled routes account for the difference from the contracted maximum. At the same time, there have been substantial additions of routes using annual contracts. Currently four vendors provide supplemental transportation: Murphy Bus Service, Briggs Transportation, American Multi-Transportation and Laidlaw Transit. These annual projected supplementary transportation contracts cost \$759,085 in 1992-93, \$1,098,831 in 1993-94, and \$1,471,980 thus far in 1994-95. Annual totals for all transportation costs (base and supplemental contracts) are \$3,729,085 for 1992-93, \$4,018,831 for 1993-94, and \$4,101,980, thus far, for 1994-95. When the Board chooses to renew annual contracts (rather than get new bids), actual annual contract costs are higher: 3-5% increases per vendor have been experienced. The increased annual amounts reflect the cumulative addition of new routes.



### **Service Description**

In 1994-95, 7,662 pupils are being bused to 6 public and 24 nonpublic schools. Three-fifths of the students are public, the rest nonpublic. The nonpublic sector is growing fairly rapidly, having increased more than 9% from the previous year. Lakewood buses for desegregation purposes, so children do not necessarily go to the closest school.

Board policy will not allow pupils to cross hazardous routes to school. About twelve hazardous routes have been identified, including Route 9. As a result of this policy, there are many nonremote students who live within a school radius of 2 to 2.5 miles whose transportation is provided through courtesy busing and is paid by local funds. Courtesy busing is not eligible for state reimbursement, which covers student transportation costs in remote areas. Slightly more than half of all bused public and private Lakewood students utilize courtesy busing. In 1993-94, locally funded transportation (i.e. courtesy busing) cost \$1,406,418. The number of courtesy busing pupils increased 22% from the 1993-94 school year. Currently about half of those receiving courtesy busing are public and half are nonpublic students.

### **Cost Saving Through Privatization**

Before the contract was let in 1992, Lakewood School District hired the Helfgott Group of Margate, NJ to study potential cost savings and make recommendations regarding outsourcing transportation. They did a four year projection, estimating transportation savings to the district over four years of \$5,087,573. It was suggested that the sale and payoff of the lease-purchase vehicles could cause the cost savings estimate to be exceeded. Variance in the contract price was somewhat foreseen in relation to change in mileage, numbers of routes and field trips, but the report did not foresee the extent of growth of the nonpublic and special education school populations.

A lesser four year cost saving of \$4,238,191 can be calculated from projected outsourcing expenses prepared by the School Business Administrator. Projected expenses associated with outsourcing include costs of in-house personnel and vehicle supplies, insurance and maintenance. Actual savings would be even further reduced by costs that would have been incurred by the district if outsourcing had not occurred. These would include, but are not limited to, additional routes, cost of maintaining/ replacing/upgrading the in-house bus fleet, and salary upgrades for a new union contract.

Additional, less tangible benefits of transportation privatization include the elimination of much in-house administrative work associated with constant route changes, the ability to change personnel quickly if necessary and the existence of a buffer against accident suits.

### **Contract Concerns**

Concerns over service identified by a variety of staff include the inability to deal directly with bus drivers to correct particular problems, reduced responsiveness to problems on the part of the vendor and the elimination of extra service for students who miss their buses.

**Recommendation:** The Board should include a grievance procedure in the bid specifications that would allow for the handling of concerns raised by building principals

and other administrative staff. To control the cost of courtesy busing, the Board should review its policy to provide courtesy busing to the extent currently provided. The Board could adopt a smaller radius than that of the state, thus effecting a decrease in numbers of students receiving courtesy busing. Additionally, a policy defining appropriate use of crossing guards in areas now served by courtesy busing should be developed in an effort to provide guards for hazardous crossings within this area so that certain bus routes could be safely eliminated. Any duplicative use of crossing guards in courtesy busing areas should be eliminated as well.

## **SECURITY SERVICES**

### **Description**

The contract for security services was let to General Security Systems of Maplewood, NJ for the 1994-95 school year for \$212,160.96. Protections built into the contract include: the requirement to have a headquarters located nearby; continuity of staff at each site; the establishment of accountability procedures and lines of authority; and the provision for individualization of assignments in each building.

**Recommendation:** The Board should include a grievance procedure in the bid specifications that would allow for the handling of concerns raised by building principals and other administrative staff.

## **BILINGUAL EDUCATION**

### **Description**

Lakewood's bilingual program consists of 267 students, 12 teachers, and 1 director. As of now, the bilingual classes are solely for Spanish speaking students. There are 9 bilingual classes within the district: 7 elementary classes (at Oak School) and 2 Middle School classes. The High School only houses English as a Second Language (ESL) and English Communication classes. All non-Spanish speaking students within the bilingual program are placed in ESL, where each student gets 35-40 extra minutes of English instruction per day.

A very positive aspect of this bilingual program is the attempt to encourage parental involvement in the education of the children. Two or three times per year, the bilingual program offers training sessions to the parents, in which they are given ways to assist in their child's learning /development.

**Recommendation:** The bilingual program should continue in its efforts to encourage parental involvement in their children's education by offering these training sessions. Perhaps the district could also reach out to older students to train them to serve as tutors.

## **PURCHASING**

### **Purchase Order Processing**

Lakewood's current purchasing system is very cumbersome. It was created in its current fashion to allow for greater control. Under the existing process, it takes 19 steps to get payment to vendors. In this process, the same positions handle the purchase order a number of times each. The purchasing process is not computerized, except for the fact that the final purchase orders are created from the computer.

**Recommendation:** At its earliest opportunity, the Board of Education should obtain a computerized purchasing system, as discussed under the Management Information System section of this report. If this were to occur, the number of processes could be reduced without loss of appropriate control. If the Lakewood School District chooses not to contract with Asbury Park, an alternate recommendation would be for the district to discuss with the township the possibility of piggy-backing onto the new township system for purchase order preparation through use of a "satellite" terminal in the school district. Appropriate security levels can be obtained and should also be discussed. This would be an alternate recommendation if the Lakewood School District chooses not to contract with the Asbury Park Public Schools Computer Center.

### **Warehouse**

Approximately two years ago, a centralized warehouse was created at the Princeton Avenue location to better control the Board of Education's inventory. All ordered materials are brought to the warehouse where they are received, checked in, and then delivered to the schools. There are no set routes/times for delivery of materials to the schools. Previously, all ordered materials went directly to the schools. All extra materials are kept in the warehouse until they are needed by the schools. Inventory of materials in the warehouse is not kept throughout the year, it is only done at the end of the school year. The purchasing agent does well controlling each school's inventory. By periodically checking the storage area in each school, if he finds any surplus, it is redistributed to other schools.

**Recommendation:** The warehouse should be regularly inventoried, which would make it easier to know when material levels are low and it would serve as an extra control to prevent any loss or stealing of materials.

The Purchasing Agent should develop set routes for delivery of materials to the schools to better utilize staff and continue the practice of keeping tight controls on each school's inventory.

## **GUIDANCE AND TESTING**

## **Guidance**

The Lakewood School District currently has a guidance program for the entire school district. The guidance program was previously only provided for grades 7-12. A guidance program for all grade levels provides students with assistance all the way through their education.

Currently, there is at least 1 guidance counselor at each elementary school. Oak and Clifton schools have 1 ½ counselors, due to their larger size and the Middle School has 2 full-time guidance counselors. At the High School, there are 6 full-time guidance counselors and 1-full time career counselor.

One of the main functions at the High School level is to help students prepare for life after high school through one-on-one interaction, group sessions, speakers, and special programs like job fairs and college fairs. Lakewood's guidance office is to be commended for some of the special programs it offers its High School students:

- “Work Link” - In this program, the High School and local industry are linked together. If a business is looking to hire employees, the guidance office will give the business a list of students who would be willing to work.
- “Surge” - “Surge” is a pilot program created 4 years ago by an agreement between Rutgers and the Lakewood School District. This program targets 20-25 minority students in 9<sup>th</sup> grade who have the potential to go on to college, but are not applying themselves. Once a student is targeted, Rutgers talks to both the students and the families and then assigns a college student to act as a tutor for the students. The students are encouraged to call the tutors with any problems (academic, social, family, etc.).

## **Testing**

Lakewood's standardized test scores, as a district, seem much lower than the state average and the scores of surrounding districts. Lakewood, however, is considered an urban locale and their standardized scores are comparable to the scores of districts with a similar population make-up. While it is important to compare test scores for Lakewood students to those of similar populations to make a more relevant comparison, it is also important to consider Lakewood test scores in relation to non-similar populations, since that is more of a “real world” comparison in the sense that Lakewood students will be competing against all other populations once out of high school. As a result, Lakewood needs to continue in its efforts to better educate their students and raise standardized test results, while still separating out test scores of those students not educated by the Lakewood district for close to a full year. This should be done even if it's only for the district's own information. The process of raising test scores has included: Reviewing and replacing the California Achievement Test; reviewing curriculum; holding meetings with teachers and principals to determine possible reasons for the poor scores and to develop strategies; and giving extra help to the students who need it.

**Recommendation:** The Lakewood Board of Education needs to continue in its efforts to better educate their students and raise standardized test scores. The district is encouraged to develop new ideas and continue with present ones to help achieve the goal. Lakewood

should also extract test scores of specific student populations in order to better gauge the areas in which additional work is required. This would allow the district to focus greater attention on those groups of students who need additional help.

## **ALTERNATE SCHOOL (LEI)**

Lakewood has established an alternate education program called the Lakewood Educational Institute (LEI). This program educates disaffected, but not disruptive, students who are falling behind educationally at the High School level. It is a volunteer program in which the student and the parent must agree to participation in the LEI program. This agreement can, and often does, occur after referral from a guidance counselor, but the parents or student may also request the transfer. The program focuses on basic education: math, English, social studies, science, health, and physical education. The LEI prides itself on educating and graduating many students who might not otherwise graduate if left in the regular high school. At the end of the 1993-94 school year, all 8 of the seniors in the program graduated and all 26 undergraduates were coming back for the 1994-95 school year.

The Alternate School is in the process of moving to the Martin Luther King Blvd. neighborhood, also the site of the new Operation School House program. The school had been located in the Industrial Park at a cost to the Board of Education of \$30,000 per year in rent. The Board of Education will be leasing the land at the new site from a church for \$1 per year. Construction of a permanent building is planned within the next two years. The building will be built mainly through the donated time and effort of the Toms River Vo-Tech School. It is estimated that the cost of materials will be approximately \$30,000. Much of the \$30,000 will be funded by grants, but \$10,000 of the \$30,000 in rental savings will be put into a building fund. Other donated items include heavy equipment from the Township and plumbing services of a Vo-Tech School teacher. Until the permanent structure is built, the LEI will be on site in trailers. One of the trailers was given to the Board of Education by Toms River and the others will be rented using grant funds. Trailer rental will be \$550 per month each.

## **COMMUNITY SCHOOL**

### **Description**

The Community School was created in 1969 under a joint resolution between the Township of Lakewood and the Board of Education. The Community School program was created for use by residents of all ages and offers many classes, trips, music festivals, and other special events. The Community School program is run by the director, with the assistance of an administrative assistant, a program assistant, and one part-time person. All of these employees are considered Board of Education employees, even though approximately 30% of their time is spent on the Township's summer recreation program.

For the fiscal year 1993-94, the cost of providing Community School classes and the summer music camp was \$380,790. While this cost does not include trips, office staff time for Township recreation activities and staff benefits, it does include operating expenses, such as teacher salaries and supplies. Class fees are usually determined by figuring on eight or nine registrations per class to cover the direct costs of the class (teacher and materials only). During that year, the total amount of revenue brought in by fees for classes and the summer music camp was \$57,185. This figure also excludes trip revenue since that was not available. Based on these current procedures for determining costs, class fees cover less than 15% of the Community School's expenses in providing these classes. Using this fee structure, in 1993-94, class fees brought in approximately \$14,000 over direct costs, but do not come close to covering the entire true cost of providing the classes. Many of the fees have remained relatively unchanged since 1985.

**Recommendation:** Taxpayers currently fund approximately 85% of the Community School class costs. Understanding the philosophical differences surrounding fee based and non-fee based programs, it is recommended that a policy be developed regarding the amount of tax subsidy deemed appropriate for Community School programs. In other words, should programs be user fee supported or taxpayer supported? Fees, where appropriate, should be reviewed and updated on a periodic basis based on the cost of the service. We suggest that the district consider implementing a fee structure that would cover at least 50% of the service costs.

**Revenue Enhancement: Additional \$133,210 assuming fees are raised to cover 50% of Community School programming costs.**

### **Record Keeping**

The records that the Community School program currently keeps are all maintained manually. Specific cost versus revenue records are not kept for trips, although a record is maintained of profits and losses. There is one small computer in the office which is basically used for flyers and notices.

**Recommendation:** It is recommended that the Community School office be computerized, particularly for the record keeping function, to improve efficiency of operations. This would also help to provide a greater level of accountability and internal control in an area that could lend itself to opportunities for misappropriation or error due to the nature of the operation. Once computerization is put in place, a review should be undertaken to ascertain the need for existing staff levels.

**Value Added Expense: One time cost of computer installation.**

**Cost Reduction: \$7,000 in staff costs from elimination of part-time administrative staff.**

### **Revenue Collection**

During the day, all administrative staff collect money for classes, trips and programs, and receipts are provided, although not pre-numbered. All collected money is given to one assistant, who keeps the money in the cash box. Three additional people are responsible

for collecting money during evening classes, and the money is brought into the Community School office in the morning.

**Recommendation:** Though no questionable activities using this process have been identified, it is recommended that a system of greater internal control be instituted to ensure accountability and avoid potential problems of loss and/or theft of money.

## **SPECIAL EDUCATION**

### **Cost Saving Measures Already Instituted**

Lakewood has an extensive Special Education program within the district. There are 631 classified Special Education students that are educated within the district. In addition, 92 classified students are sent out of district due to the extent of the disability and the parents' desire to continue the out of district placement, even when in district placement is available.

The Lakewood Board of Education has been aggressive in its efforts to bring back many of its out of district Special Education students. The district no longer sends Special Education students out of district unless they are unable to provide an appropriate level of education. The push to bring back students was largely driven by the legislative elimination of out of district tuition caps. These efforts have proven to be extremely cost effective. According to administrative staff, the district brought back 12 Special Education students during the 1991-92 school year and put them into classes at a savings of approximately \$380,000. In 1992-93, the district brought back 4 students and put them into classes at a savings of approximately \$64,000. An additional four students were brought back during the 1994-95 school year at a savings of approximately \$64,118. Next year, the district projects a savings of \$140,500 by bringing 7 students back into the district. A plan currently under consideration by the district for an additional 17 students to be brought into district in newly established classes will result in an approximate savings of \$105,000. Savings have been and will be realized because of the difference in the cost of educating in district (even when additional staff costs are incurred) versus the cost of tuition for out of district placements. To sum up, the policy of educating special education students in district has already resulted in a savings of \$508,118. A projected savings of \$245,500 will result if the Special Education Department's proposed plan is instituted for the 1995-96 school year.

### **In-Class Support**

The Lakewood Board of Education has made significant improvements in conforming with Federal guidelines concerning self-contained classes. In 1993, Federal guidelines were issued requiring the placement of no more than 20% of the special education students in self-contained classes. If a district was found to have more than 20% of the students in self-contained classes, the district was charged with "segregating" the Special

Education students. Two years prior to the issuance of the guidelines, Lakewood had 80% of its Special Education students in self-contained classes. Presently, that figure has been lowered to 25%.

**Recommendation:** Lakewood should continue, wherever appropriate and practical, providing in-class support to Special Education students in order to meet the requirements set forth in the Federal guidelines.

## **WORKERS' COMPENSATION SUPPLEMENT**

### **Description**

Lakewood Board of Education has a policy of paying the full salary of individuals on leave due to a work related injury. This costs the municipality 100% of the salary cost for absences of less than eight days and 30% of the salary cost for absences of eight days or longer, not to mention the indirect, but potentially substantial, effect on the cost related to Workers' Compensation premiums. In 1994, the cash value of this policy was approximately \$6,000. The dollar value of lost productivity of employees on leave due to work related injuries is an additional \$18,000.

The Board of Education has substantially reduced the number of workers' compensation claims since 1991-92. From September 1991 through September 1992, there were 114 total claims. In the same months for 1993-94, the number of claims had dropped to 36. This large reduction was due in large part to the privatization of many of the Board of Education's functions and to a change in the medical referral process. In September 1993, the district began using the Corporate Care Center at Kimball Hospital instead of a single local physician. It is believed that the use of a neutral entity using several doctors has helped to greatly reduce the district's number of work days lost due to work related injuries.

The salary supplement for work related injuries removes the incentive to return to work by removing the negative economic impact of the 70% salary rate paid by workers' compensation. By ending the supplemental pay policy which assures 100% of salary, the Board of Education may realize a reduction in total days absent under workers' compensation claims.

**Recommendation:** It is recommended that, as soon as possible, the Board eliminate the policy of providing the salary supplement for employees on leave due to work related injuries.

**Cost Reduction: \$6,000**

## **COURTESY BUSING**

### **Description**



For the 1993-94 school year, the district spent \$1,406,418 transporting 3,336 nonremote public and nonpublic school students. This cost represented approximately 3% of the district's total budget in 1993-94. The number of students increased to 4,065 for the 1994-95 school year at a total estimated cost of \$1,712,017. These costs reflect the Board's policy decision to provide transportation to students who do not fall within the state guidelines for transportation.

**Recommendation:** It is recommended that the district review this policy, giving serious consideration to a reduction in the level of courtesy busing. We believe that reductions may be possible, particularly in areas that contain sidewalks and in areas that do not require students to cross state highways. Further, it is recommended that, should the Legislature adopt S1323/ A1203, the school district pass on the cost of courtesy busing to parents of nonpublic and public students. The 1993-94 per pupil transportation cost for other than special education students was \$421.61. This recommendation is made even with the realization that the revenue to be gained from this opportunity would not be as great in Lakewood, due to the substantial percentage (45-50%) of students receiving free or reduced cost lunch who would not be eligible for inclusion in the potential revenue source figure for financial hardship reasons. The proposed law would not permit districts to pass along this charge to those families who qualify to receive free or reduced cost lunch.

In concert with the review of the courtesy busing policy, the Board is encouraged to work cooperatively with the township on a review of the appropriate and necessary placement of crossing guards. We believe there is an opportunity to remove crossing guards from certain sites and relocate crossing guards in areas that are no longer included for courtesy busing. Courtesy busing is most appropriately retained only along hazardous routes, such as major highways.

**Cost Reduction: \$342,403 using a conservative estimate of 20% reduction.**

## **FINANCIAL**

### **Cash Management**

A review of bank accounts and investment income from the school district accounts was completed.

**Recommendation:** Potential income that could have been realized in 1994 from optimum investments was \$25,395. It is therefore recommended that the school district utilize a more aggressive approach to investments. Comparisons of gain between financial institutions should be based on the difference between paying fees outright for bank services and being required to maintain certain balances in each account to compensate for those services. Investment schedules which show the account type, amount and date of each contribution, as well as the interest rate and interest earnings, should be adopted.

**Revenue Enhancement:** A conservative estimate of the revenues to be gained is \$25,395 assuming an aggressive investment approach that utilizes the highest yield investment vehicles available during the course of the year.

### **Surplus**

A review of the budget transfers made during the 1993-94 school year shows an appropriation of \$725,000 of additional funds from the surplus on December 20, 1993. These funds were used to offset predictable current expenses related to salaries and benefits and capital expenses related to the library, legal services and construction services. A report from the Department of Education issued on March 20, 1995 indicates that Lakewood underestimated its unreserved General Fund Balance (Surplus) on June 30, 1994 by \$169,676. Based on Lakewood's own calculations, however, the School Board planned to begin the 1994-95 school year with a 1.76% surplus.

**Recommendation:** While it does not appear that the Lakewood School Board is at all unique among school districts in its approach to the appropriation of surplus during the year to meet a variety of expenses, it is recommended that this practice be reviewed and curtailed. This would ensure a much greater adherence to the budget voted on by the taxpayers.

The board should also make greater efforts to minimize its reliance on transfers during the year for those expenditures that can be identified during the budget preparation phase. Using the Board's surplus of 1.76%, the board had approximately \$118,399 in additional funds to apply against the 1994-95 budget. We are recommending that the board go further in its efforts to be more realistic in its calculation of surplus. We are concerned that the expenditures made from the additional appropriated surplus were not to cover "emergencies," which is the predominant reason given for the necessity of surplus, but rather expenses which appear to have largely been costs which could have been anticipated in the budget.

## **PUPIL PERSONNEL SERVICES**

### **Services Provided**

The Department of Pupil Personnel Services provides an extremely broad scope of services for a variety of student populations, not just for Special Education students, though those services are extensive and cost effective. Child Study Teams are an integral part of the services provided. Two teams are shared between four elementary schools, one team is assigned to grades 7,8, and 9 and one team is assigned to grades 10, 11, and 12. Monthly reports are prepared by school and by category in order to effectively track the educational progress of the students.

Social service prevention programs are provided mainly through the School Based Youth Services Program grant administered by Preferred Children's Services at an administrative cost of \$9,000 per year. Some of the programs provided include counseling, substance

abuse intervention, handicapped related service intervention, child care center transportation, technical intervention programming, and employment counseling. The School Based Youth Services Program grant is available at \$225,000 per year. Preferred Children's Services also provides transportation services and identifies available grants for application by the school board. "Operation School House" is a new grant program and represents a joint effort between the County Prosecutor's Office, Lakewood Township and the Lakewood School District. The program will receive \$85,000 for each of the next three years which will be used to support the Helping Hands after school tutoring program, Omega 13's mentoring program for young boys, a vocational-technological program and the Lakewood Educational Institute. The program will also result in a benefit to the entire neighborhood through the creation of a drug-free school zone.

The Kimball Medical Center also provides services under the direction of the School Based Youth Services Program, such as inoculations, outreach clinics and well-care sessions for the "New Moms" class in the High School. Recent discussions have been held with Kimball concerning additional services that the medical center may provide.

**Recommendation:** The services provided through the Pupil Personnel Services Department are extensive, cost effective and essential. Lakewood is well-served by the provision of these programs and by their ability to assist in the needs of the community, particularly the student population. It is recommended that the Lakewood School Board continue to support these efforts to the greatest extent possible, including the adequate provision of staff to administer the services.

## **FACILITIES**

### **Maintenance Plan**

The district has a very comprehensive five year maintenance plan that reflects major repairs and replacements required in each school. The plan was developed by the Marriott Management Services Corporation. Funding to implement this plan, however, has been scarce and has resulted in the serious deterioration of a number of facilities.

**Recommendation:** It is strongly recommended that funding be provided for the adequate maintenance of facilities. Much of the costs involved in greater maintenance can be offset by the costs incurred from having to make alternative provisions for activities, such as transporting track teams to alternate sites when athletic facilities are unusable. Preventive, routine maintenance of facilities may also diminish the future costs of major repairs.

## **COMMUNICATION**

### **Principal Meetings**

The Superintendent of Schools holds regular meetings with principals in order to disseminate information. It was evident through the interviews held with building principals that the meetings do serve the purpose of keeping principals up to date on district information. Also evident, however, was the reluctance on the part of the principals to share information on their own creative programs and initiatives. Principals have developed school specific programs, such as peer mediation, effective disciplinary policies and grade retention policies designed to minimize instances of retention and optimize student success.

**Recommendation:** It is recommended that the opportunity be provided during Principal Meetings to discuss programs instituted in each school in an effort to disseminate the information to all principals and administrative staff. Creative efforts should be shared and program decisions could be made on a district-wide basis. Information should then be disseminated from the principals to the teachers.

## **STAFFING**

### **Staffing Levels**

Present staffing levels in most areas seems both adequate and appropriate for current operational needs. Administrative staff have been reduced by 14 positions through attrition and/or reassignment since the 1992-93 school year. A recommendation has been made in this report to more effectively computerize many functions.

**Recommendation:** As mentioned earlier in the report, after implementation of a new computer system, consideration should be given to reducing and/or reassigning the clerical staff now handling duplicative tasks. It is expected that approximately two clerical positions could be eliminated or reassigned to other areas, such as at the Director and Supervisor levels.

## **SHARED SERVICES**

### **TOWNSHIP**

#### **Purchasing**

The Board of Education and Township purchase similar supplies and materials. Both entities are currently purchasing such items separately and are both utilizing a variety of resources from which to purchase items at the lowest cost. Both entities are also incurring costs related to the bidding process.

**Recommendation:** The Township and the Board of Education are encouraged to investigate the possibility and practicality of arranging a cooperative purchasing agreement in an effort to save additional money through greater bulk purchasing power. Such agreement should include a provision for cooperative bidding.

#### **Other Services**

Both the school district and the township incur costs for vehicle maintenance, snow plowing, garbage collection, grounds maintenance, building maintenance and gas purchase. These appear to be appropriate and practical areas in which to share resources and save on total costs.

**Recommendation:** The school district and the township are encouraged to investigate the sharing of these services. It is recommended that the entity most able to provide the particular service at the lowest cost due to present operational design should take the lead on providing the services. To this end, it is suggested that the township be the lead agency for vehicle maintenance, snow plowing, garbage collection, and gas purchase. The school district could be the lead agency for grounds maintenance and building maintenance, as well as for computerization assistance and cooperative purchasing for office supplies stored in the warehouse mentioned earlier in this report.

#### **Safety Compliance Officer**

The Lakewood Board of Education presently employs a Safety Compliance Officer, which is not a mandated position. The Safety Compliance Officer in Lakewood has many responsibilities: Right to Know, Workers' Compensation, affirmative action, asbestos management, and ensuring compliance with safety regulations like PEOSHA (Public Employees Occupational Safety Health Act). In checking compliance, the safety officer goes to each school 4 times a year and does a safety inspection. During these inspections, the safety officer looks for problems with exit lights, emergency lights, fire extinguishers, storage areas, and any other obvious defects. Also on these inspections she may ask to do a spot fire drill, where she checks the alarm system and the evacuation routes. All the material found in these inspections is discussed at the next safety committee meeting. These measures show a great concern for the safety of the children, teachers, etc. within each school.

**Recommendation:** It is recommended that the school district take the lead on providing the services offered by the Safety Compliance Officer to the township as part of their shared services arrangements.

### **Managment Information Systems Manager**

It is recommended that the MIS manager be responsible for the Township's computer network. By having this expertise available it is conceivable that repair and support calls can be reduced at the township. Additionally, with one individual overseeing both systems there is a better possibility of identifying areas of cooperation and shared services in the computer services area.

### **Nutrition Program for the Elderly**

The National School Lunch Program Regulations permit the use of school facilities, equipment and personnel, supported with nonprofit school food revenues, to support a nonprofit nutrition program for the elderly.

**Recommendation:** It is recommended that the school district consider offering a nutrition program for the elderly after it has completed its current plans for renovating the Middle School cafeteria. Township and School District officials should meet to discuss the most beneficial and appropriate provision of this service.

## **OTHER SCHOOL DISTRICTS**

### **Bilingual Education**

N.J.S.A. 18:35-18 mandates that a bilingual program be provided when there are 20 or more native language speaking students within a district. Due to Lakewood's growing diversity, there are presently 24 Polish speaking students within the district. These students are currently in ESL classes, but due to the state law, the district will have to create a bilingual program for these students. Lakewood's problem rests in the fact that these 24 students are spaced from first grade through twelfth grade. It is anticipated that the district will be hiring 1 full-time Polish teacher to administer the program. The students in the High School will continue with their ESL classes and the rest of the students will spend half of the school day with the Polish teacher (first through fourth for one half day and fifth through eighth for the other half of the day).

**Recommendation:** The Board of Education should look into creating a cooperative Polish program with neighboring districts, such as Brick Township and Toms River, who have Polish speaking students. A cooperative arrangement would allow for a better learning environment for the students, without the need for each district to bear all of the costs. The cooperating districts would be able to share the costs of administering the program (teachers, supplies / materials, etc.). If Lakewood needs to bus students to another district for this program, it might be possible to send those students on special education buses, if the locations are compatible, that are already transporting students out

of district. It is possible that the teacher could travel to each district with the appropriate class size, to cut back student transportation.

## STATUTORY AND REGULATORY REFORM

It is common for local officials to blame tax increases on “state mandates.” Each local budget review team is charged with the responsibility of identifying regulatory or statutory mandates that have an adverse impact on the cost of local government. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

### “SRA”

The institution of the Student Review Assessment (“SRA”) process is welcome in terms of being responsive to, and appropriate for, the needs of a portion of Lakewood High School students.

**Recommendation:** A few procedural recommendations to ease implementation of the proficiency testing process as it relates to graduating seniors are to:

- Assure transmittal of testing results for High School seniors as soon as possible, even if it means completing and transmitting senior scores separately.
- Department of Education decisions should be made within time frames that facilitate and support a school district’s ability to implement actions to meet D.O.E. established deadlines. D.O.E. decisions made after a deadline for relative school district action can be counter-productive to the district.
- Publicize the annual test results based on the accumulation of both tests given during a school year. In a district such as Lakewood, students may, in fact, meet the state average for passing the HSPT 11 if both the fall and spring test scores are counted. A considerable number of students are more successful on the tests in the spring, once they have been back in an academic environment for a longer period of time.

### School Report Card and Monitoring

Report Card information is intended to give a general review and comparison of each school district and, as such, is provided in summary form without detailed breakdowns of specific student population statistics, program initiatives in place to improve weak performance areas, or unique social and/or economic factors influencing particular school districts.

**Recommendation:** A recommendation is made to look not only at whether a district is actually meeting minimum criteria, but also at whether they are taking appropriate steps toward that end.

A second recommendation in this area is to compare various aspects of funding and activity so that the comparisons can take into account equivalent populations or services delivered. Categories of comparison could include:



- Public non-special education expenditures and achievements
- Non-public expenditures and services
- Transportation of public, non-public students, including remote and non-remote

### **Classification of Security Guard Contracts**

The greatest concern voiced over the contracting of security guard services was the classification of the service for bidding purposes. District staff believe that the school board would be forced to accept less professional security guard service because of awarding to the lowest bidder. Issues have been raised regarding the impact of contractor staff turnover and responsiveness to school district staff requests and concerns.

**Recommendation:** It is recommended that the Public Schools Contract Law be reviewed regarding security guard service, specifically its appropriateness of professional service classification. The school district should not be forced to award a security guard contract to the lowest bidder, with little regard to competency. At the very least, provision should be made to allow for the pre-qualification of bidders on these contracts.

### **Food Service Profit**

By law, any profit gained from school district food service operations must be utilized within those operations. In Lakewood's case, this profit has amounted to over \$500,000 over the cost of the last five years.

**Recommendation:** It is recommended that this law be reviewed to determine whether or not it would be appropriate to allow districts greater flexibility in the use of this money for other operation or capital expense needs.

## **LOCAL GOVERNMENT BUDGET REVIEW**

Brian W. Clymer, State Treasurer  
James A. Archibald, Deputy State Treasurer  
Louis C. Goetting, IV, Director

Dr. Leo Klagholz, Commissioner, Department of Education  
Dr. Richard DiPatri, Deputy Commissioner, Department of Education  
Dr. Peter B. Contini, Assistant Commissioner, Department of Education  
Michael Azzara, Director, Office of Finance, Department of Education

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